United Nations A/59/271

General Assembly

Distr.: General
23 August 2004

Original: English

Fifty-ninth session
Item 110 of the provisional agenda*
Programme budget for the biennium 2004-2005

Financial viability of the United Nations Institute for Training and Research

Note by the Secretary-General

1. In section XIV of its resolution 58/272, the General Assembly requested the Secretary-General to invite the Board of Trustees of the United Nations Institute for Training and Research (UNITAR) to rationalize the financial structure of the Institute, including through the possible application of a consistent programme support rate to the Special Purpose Grants Fund in order to bring it in line with the standard rate applied by the United Nations, and decided to revert to the question at its fifty-ninth session.

2. The Board of Trustees of UNITAR considered the matter during its forty-second session, held in Geneva, from 27 to 29 April 2004. It agreed that the Executive Director would prepare a short note in response to resolution 58/272, which could be provided as the official response of the Board to the General Assembly resolution. The Secretary-General has the honour to transmit that note (see annex).

* A/59/150.

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Annex

Note on the rationalization of the financial structure of UNITAR

1. At its forty-second session, held in Geneva from 27 to 29 April 2004, the Board of Trustees of the United Nations Institute for Training and Research (UNITAR) once again considered the issue of rental and maintenance costs charged to the Institute.

2. Relevant paragraphs of two General Assembly resolutions were placed before the Board of Trustees. In resolution 58/223, the General Assembly:

> "...
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> "10. *Stresses* the need to take action to resolve expeditiously the issues related to the Institute's rent, debt, rental rates and maintenance costs, taking into account its financial situation, and welcomes the consideration of those issues by the Fifth Committee;
>
> "..."

In resolution 58/272, section XIV, the General Assembly:

> "...
>
> "1. *Decides* to cancel the debt of the United Nations Institute for Training and Research in respect of rent and maintenance charges in the amount of 321,184 United States dollars;
>
> 2. *Requests* the Secretary-General to invite the Board of Trustees of the United Nations Institute for Training and Research to rationalize the financial structure of the Institute, including through the possible application of a consistent programme support rate to the Special Purpose Grants Fund in order to bring it in line with the standard rate applied by the United Nations, and decides to revert to the issue at its fifty-ninth session."

3. The Board reiterated its position that UNITAR is totally self-funded, not receiving any kind of subsidies from the United Nations regular budget, and delivers, free of charge, training courses to diplomats and delegates accredited to United Nations headquarters in New York, Geneva, Vienna and Nairobi. Those courses are useful for the civil servants of Member States, in particular diplomats from developing countries, and for the Organization as well, in increasing understanding of issues and procedures. The level of non-earmarked voluntary contributions remains too low to make those programmes sustainable.

4. The Board of Trustees also decided on possible ways to rationalize the financial structure of the Institute and gave necessary guidance to the Executive Director, notably:

(a) To continue to insist to donors of special purpose grants to obtain the full recovery of the programme support costs (overhead), whenever possible, and to bring such recovery in line with the standard rate of 13 per cent applied by the United Nations;

(b) To make sure that any further expansion of training programmes, especially those offered, free of charge, to diplomats and delegates accredited to United Nations headquarters in New York, Geneva, Vienna and Nairobi should be commensurate with the level of resources available for both direct and administrative and common-service costs involved;

(c) To consider the possible downsizing of the number of staff remunerated by the General Fund, if ever realizable.

5. In the light of the actions taken to rationalize the financial structure of the Institute, the Board concluded that the provisions of General Assembly resolution 58/272, section XIV, on the financial viability of UNITAR, are the positive outcome of the consideration of the report of the Secretary-General (A/58/544), in paragraph 36 of which the Secretary-General proposed, in order to compensate the Institute for its expenditures under the General Fund of UNITAR relating to the provision of the training in multilateral diplomacy and international affairs management to the diplomatic personnel of the missions to the United Nations free of charge, to provide UNITAR with an annual subvention in the amount not exceeding its annual rental and maintenance costs.